

Message Text

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PAGE 01 LIMA 03482 242152 Z

15

ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 OMB-01 TRSE-00 AID-20

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 5633

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E. O. 11652: N/ A

TAGS: ETRN, PE

SUBJECT: GOP CREATES NEW NATIONAL AIRLINE, AEROPERU

REF: LIMA 1901, 3/24/72, LIMA A-045, 2/26/73 AND PREVIOUS

1. SUMMARY: FOLLOWING A LONG GESTATION PERIOD, THE GOP AT LAST HAS CREATED A STATE AIRLINE, AEROPERU. THE NEW LINE, WHICH WILL ABSORB THE PERUVIAN AIR FORCE'S EXISTING AIRLINE, WILL BE ENTIRELY GOVERNMENT- OWNED AND WILL OPERATE BOTH DOMESTIC AND INTERNATIONAL ROUTES. END SUMMARY.

2. BY DECREE- LAW 20030, 5/22/73, THE GOP CREATED AEROPERU (EMPRESA DE TRANSPORTE AEREO DEL PERU). ACCORDING TO THE DECREE- LAW, AEROPERU WILL FIRST FULLFILL DOMESTIC REQUIREMENTS FOR THE TRANSPORT OF PASSENGERS, CARGO AND MAIL, AS SOON AS IS FEASIBLE, WILL BEGIN OPERATING INTERNATIONALLY AS A " DESIGNATED AIRLINE." AEROPERU IS ALSO EMPOWERED TO MAKE RECIPROCAL COMMERCIAL AGREEMENTS WITH OTHER

NATIONAL AIRLINES AND TO EXECUTE ON ITS OWN, OR BY MEANS OF THIRD PARTIES, SUCH AVIATION ACTIVITIES AS ARE RESERVED TO THE STATE OR WHICH THE STATE MAY ASK THAT IT PERFORM.

3. AEROPERU WILL BE FORMED WITH AUTHORIZED CAPITAL OF THREE BILLION SOLES (\$69.15 MILLION), COMPLETELY SUBSCRIBED BY THE STATE AND

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PAGE 02 LIMA 03482 242152 Z

CONSISTED IN 300,000 SHARES, EACH WITH A FACE VALUE OF 10,000 SOLES. THE CAPITAL WILL BE COMPRISED OF: A) AN INITIAL CONTRIBUTION OF 200 MILLION SOLES (\$4.6 MILLION) FROM CONFIDE, THE STATE DEVELOPMENT BANK; B) FUTURE APPROPRIATIONS FROM THE PUBLIC SECTOR, C) THE ASSETS OF SATCO (SERVICIO AEREO DE TRANSPORTES COMERCIALES DE LA FUERZA AEREA PERUANA); D) PROPERTY AND ASSETS TRANSFERRED TO AEROPERU BY THE STATE OR DONATED BY OTHERS; AND E) REINVESTMENT AND RE- EVALUATION OF FIXED ASSETS.

4. AEROPERU WILL BE DIRECTED BY A BOARD CONSISTING OF SEVEN MEMBERS, THREE FROM THE MINISTRY OF AERONAUTICS, TWO FROM TRANSPORT AND COMMUNICATIONS AND ONE EACH FROM ECONOMY AND FINANCE, INDUSTRY AND COMMERCE AND THE WORKERS OF AEROPERU. ONE OF AIR MINISTRY' S REPRESENTATIVES WILL BE A GENERAL OFFICER IN THE FAP AND WILL SERVE AS CHAIRMAN. A GENERAL MANAGER, TO BE NAMED BY SUPREME DECREE, WILL EXERCISE OPERATIONAL CONTROL. THE BOARD IS TO BE INSTALLED IN OFFICE WITHIN 15 DAYS AND MUST DRAW UP AND SUBMIT TO THE AIR MINISTRY AEROPERU' S BYLAWS WITHIN 90 DAYS OF THE BOARD' S INSTALLATION. UNTIL SUCH TIME AS AEROPERU IS READY TO BEGIN OPERATIONS SATCO WILL CONTINUE TO OPERATE.

5. COMMENT: SINCE THE DEMISE OF LANSA IN EARLY 1972 INTERNAL SERVICE HAS BEEN INADEQUATE, WITH THE GOP REFUSING TO ALLOW FAUCETT TO BRING IN A BAC-111 AND MOVING WITH EXTREME SLOWNESS IN PURCHASING JET AIRCRAFT FOR ATCO. THE CREATION OF AEROPERU SHOULD ALLEVIATE THIS PROBLEM, ALTHOUGH THE TIME SCHEDULE FOR START- UP SEEMS OPTIMISTIC. HOW FAUCETT WILL FARE WITH A NEW GOVERNMENT- OWNED COMPETITOR REMAINS TO BE SEEN, ALTHOUGH THE DECREE DOES NOT GIVE TO OR IMPLY EXCLUSIVE DOMESTIC RIGHTS FOR AEROPERU. IT SEEMS LIKELY THAT FAUCETT WILL BE LEFT TO QUIETLY FADE AWAY OR AT BEST MAINTAIN ITS PRESENT POSITION OF MODEST PROFITABILITY, LOW CASH RESERVES AND A HIGH LEVEL OF PENSION AND SOCIAL OBLIGATIONS.

GOP OFFICIALS HAVE ALWAYS MAINTAINED PRIVATELY THAT THE 20 PERCENT SURTAX ON FIRTH FREEDOM TICKETS SOLD IN LIMA FOR FOREIGN CARRIERS WILL BE REMOVED WHEN AEROPERU GOES INTERNTIONAL. AIR MINISTER GILARDI HAS STATED PUBLICLY THAT AEROPERU WILL BEGIN INTERNATIONAL OPERATIONS WITHIN A YEAR ITS CREATION; IF THIS COMES ABOUT, AND IF THE SURTAX IS LIFTED, BRANIFF WILL BE ABLE TO RENEW ITS PERMIT WITHOUT BEING SUBJECTED TO THE TAX (BRANIFF NOW PAYS THE TAX ONLY ON THE ONE LIMITED OFFICIAL USE

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PAGE 03 LIMA 03482 242152 Z

NEW FREQUENCY ADDED SIX MONTHS AGO).

AEROPERU WILL DEFINITELY BE A MARKET FOR AIRCRAFT SALES AND THE GOP MAY WISH TO UTILIZE THE ANDEAN DEVELOPMENT CORPORATION'S AIRCRAFT LEASING PLAN (LIMA A-045, 2/26/73). CONFIDE WOULD BE IN CHARGE OF FINANCING ANY PURCHASES AND PROBABLY ALSO WOULD BE INVOLVED IN ANY LEASING ARRANGEMENT. AEROPERU WILL TAKE OVER SATCO'S THREE FOKKER F-28'S, BUT WILL PROBABLY NEED ONE OR TWO MIDDLE RANGE JETS FOR DOMESTIC SERVICE AND UP TO THREE MEDIUM/ LONG RANGE MODELS FOR INTERNATIONAL USE.

BELCHER

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